

## **CAPITAL INSURANCE AGENCY OF WISCONSIN**

### **Unfair Claims Practice?**

#### **The Problem**

The complexity of insurance policy can put you at a severe disadvantage when it is time to file a claim. Requesting payment for a loss is under your home, auto, boat or other policy is what insurance is supposed to be about. You've paid your premium with the assurance that, should an eligible loss occur, you or your property will be protected. Faithfully handling your premium payments gives you the expectation that your insurer will perform." Performance" of the insurance contract refers to the insurance company's obligation to investigate and, if applicable, pay for a loss, including associated expenses for settling a loss or handling the defense of a lawsuit.

It's unfortunate, but sometimes an insurance company may not have an attitude toward paying claims that meets your expectations. In fact, a company may actually deal with you in a manner that is unfair. Your right to fair dealings is protected by the efforts of individual state governments. States agencies, typically via a special insurance or commerce division are responsible for seeing that insurance companies and agents are true to the commitment represented by the insurance policy.

Most states actively enforce the requirement that all insurers fairly settle valid claims against their policies. The insurance companies and agents operating within a state are also provided with complete information regarding unacceptable claims practices. A state's rules on claims are based on the National Association of Insurance Commissioners (NAIC) Unfair Trade Practices Model Act. The guidelines developed from the original act, and other regulations (which vary by state) are meant to shield you from practices that are misleading, unfair or deceptive.

Examples of Unfair Claim Practices

#### **Here are some examples of such practices:**

- \* Attempting to settle a claim based on an application which the company has changed without the insured's knowledge or permission
- \* Delaying a claim investigation by requiring unnecessary reports or documents which contain substantially the same information
- \* Failing to act promptly after receiving information concerning an insurance claim
- \* Failing to adopt or comply with standards that define what is meant by a prompt claims investigation
- \* When applicable, failing to pay a claim quickly, fairly and equitably
- \* Failing to promptly settle claims where liability is reasonably clear under one portion of the policy to influence settlement under any other portion of the insurance policy coverage
- \* Failing to promptly and clearly explain the basis in the policy or the law for either denying a claim or offering a compromise settlement
- \* Attempting to persuade insureds not to take advantage of the arbitration process

- \* Misrepresenting significant facts or insurance policy provisions
- \* Refusing to tell an insured what is happening with a loss within a reasonable time after receiving a completed proof of loss statement
- \* Denying claims without a reasonable loss investigation
- \* Offering very low settlements to encourage insureds to sue
- \* Settling claims for less than the amounts a reasonable person would expect

Of course a good way to avoid problems is to deal with reputable agents and companies who have a strong commitment to properly serving their insurance customers. Your insurance agent would be happy to discuss your concerns and/or expectations about making an insurance claim. Take advantage of his or her expertise.